

LJM APPROVAL SHEET

This Approval Sheet should be used to approve Enron's participation in any transactions involving LJM Cayman, L.P. ("LJM1") or LJM2 Co-Investment, L.P. ("LJM2"). LJM1 and LJM2 will collectively be referred to as "LJM". This Approval Sheet is in addition to (not in lieu of) any other Enron approvals that may be required.

GENERAL

Deal name: Osprey Certificate Follow On

Date Approval Sheet completed: 6/29/00

Enron person completing this form: Nicole Alvino

Expected closing date: 7/5/00

Business Unit: Enron Global Finance

Business Unit Originator: Cheryl Lipshutz

This transaction relates to ☐ LJM1 and/or ☒ LJM2.

This transaction is ☐ a sale by Enron ☐ a purchase by Enron ☐ a co-sale with Enron ☐ a co-purchase with Enron and/or ☒ other. A follow on investment in the Whitewing structure due to a re-capitalization event related to the Margaux transaction.

Person(s) negotiating for Enron: Cheryl Lipshutz

Person(s) negotiating for LJM: Kathy Lynn (however, LJM came in to the transaction based on identical terms to several other parties)

Legal counsel for Enron: Nora Dobin (Enron) and Vinson & Elkins

Legal counsel for LJM: Martha Stuart (Kirkland & Ellis)

DEAL DESCRIPTION [Insert short description of the transaction involving/between Enron and LJM; do not describe the underlying asset or transaction.]

LJM and three other equity investors are purchasing additional certificates from Osprey Trust. Osprey Trust has an ownership interest in a structured vehicle that has acquired certain assets from Enron. The trust originally issued certificates in September 1999, and is doing a follow-on offering.

ECONOMICS [Insert short description of the Enron economics of the transaction involving/between Enron and LJM; do not describe the economics of the underlying asset or transaction.]

The certificates have a required return of 12.75%.

DASH [Attach the DASH relating to the underlying asset or transaction. Insert brief update on the DASH if the underlying asset or transaction has changed materially since the original DASH was completed.]

No DASH required.

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ISSUES CHECKLIST

Sale Options

- a. If this transaction is a sale of an asset by Enron, which of the following options were considered and rejected:

☐ Condor ☐ JEDI I ☐ Margaux ☐ EnSerCo ☐ Rawhide ☐ Chewco ☐ JEDI II
☐ Third Party ☐ Direct Sale Please explain: The proposed investment is not a sale of an asset.

- b. Will this transaction be the most beneficial alternative to Enron? ☒ Yes ☐ No. If no, please explain: _____

- c. Were any other bids/offers received in connection with this transaction? ☒ Yes ☐ No. Please explain: There are three other equity investors with identical terms as LJM

2. Prior Obligations

- a. Does this transaction involve a Qualified Investment (as defined in the JEDI II partnership agreement)? ☐ Yes ☒ No. If yes, please explain how this issue was resolved: _____

- b. Was this transaction required to be offered to any other Enron affiliate or other party pursuant to a contractual or other obligation? ☒ Yes ☐ No. If yes, please explain: As required by the Osprey documentation, all original purchasers of certificates were offered this deal.

3. Terms of Transaction

- a. What are the benefits (financial and otherwise) to Enron in this transaction? ☐ Cash flow ☐ Earnings
☒ Other: The sale of additional Osprey Certificates will allow Enron to continue to account for the Whitewing Partnership as an unconsolidated affiliate.

- b. Was this transaction done strictly on an arm's-length basis? ☒ Yes ☐ No. If no, please explain: _____

- c. Was Enron advised by any third party that this transaction was not fair, from a financial perspective, to Enron?
☐ Yes ☒ No. If yes, please explain: _____

- d. Are all LJM expenses and out-of-pocket costs (including legal fees) being paid by LJM? ☐ Yes ☒ No. If no, is this market standard or has the economic impact of paying any expenses and out-of-pocket costs been considered when responding to items 1.b. and 3.b. above? ☒ Yes ☐ No.

4. Compliance

- a. Will this transaction require disclosure as a Certain Transaction in Enron's proxy statement? ☒ Yes ☐ No.

- b. Will this transaction result in any compensation (as defined by the proxy rules) being paid to any Enron employee?
☐ Yes ☒ No.

- c. Have all Enron employees' involvement in this transaction on behalf of LJM been waived by Enron's Office of the Chairman in accordance with Enron's Conduct of Business Affairs Policy? ☒ Yes ☐ No. If no, please explain: _____

- d. Has the Audit Committee of the Enron Corp. Board of Directors reviewed all Enron/LJM transactions within the past twelve months? ☐ Yes ☒ No. (The first annual review by the Audit Committee has not yet occurred.) Have all recommendations of the Audit Committee relating to Enron/LJM transactions been taken into account in this transaction? ☐ Yes ☐ No.

APPROVALS

	Name	Signature	Date
Business Unit	Cheryl Lipshutz		6/30/00
Business Unit Legal	Scott Sefton		
Enron Corp. Legal	Rex Rogers		
Global Finance Legal	Scott Sefton		6/30/00
RAC	Rick Buy		7/1/00
counting <i>pr</i>	Rick Causey		
Executive	Jeff Skilling		

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BY ANDREW FASTOW"